

AN ACT

relating to eligibility and contributions for coverage under the state employee group benefits program and health benefit plans offered by certain university systems.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter A, Chapter 824, Government Code, is amended by adding Section 824.0071 to read as follows:

Sec. 824.0071. DEDUCTIONS FROM SERVICE OR DISABILITY RETIREMENT ANNUITY FOR CERTAIN UNIVERSITY INSURANCE PROGRAM CONTRIBUTIONS. (a) In this section, "program administrator" means the person who administers the uniform program under Section 1601.051, Insurance Code.

(b) A retiree who is participating in the uniform program under Chapter 1601, Insurance Code, may authorize the retirement system to deduct the amount of the contribution and any other qualified health insurance premium from the retiree's regular monthly service or disability retirement annuity payment if the amount of the monthly annuity is greater than or equal to the amount of the authorized deduction.

(c) A retiree may authorize the deduction described by Subsection (b) on a form provided by the program administrator. The program administrator shall maintain the record of the authorization made under this section.

(d) The program administrator shall:

1           (1) notify the retirement system of the authorization  
2 under Subsection (b); and

3           (2) in the manner and form prescribed by the  
4 retirement system, provide the retirement system with the names of  
5 the retirees and other relevant information needed by the  
6 retirement system to administer the deduction.

7           (e) After making the deduction, the retirement system shall  
8 pay to the program administrator an aggregate amount for all  
9 retirees who authorize annuity deductions under Subsection (b).

10          (f) If a retiree no longer receives a monthly annuity  
11 greater than or equal to the amount of the authorized deduction, the  
12 retirement system:

13           (1) shall inform the program administrator; and

14           (2) is not required to make a deduction under this  
15 section for the retiree.

16          (g) The retirement system shall make the authorized  
17 deduction each month until:

18           (1) the date the annuity is no longer payable by the  
19 retirement system;

20           (2) the retirement system is notified by the program  
21 administrator that the retiree has canceled the authorization to  
22 make the deduction; or

23           (3) the amount of the monthly annuity is no longer  
24 greater than or equal to the amount of the authorized deduction as  
25 described by Subsection (f).

26          (h) The program administrator shall reimburse the  
27 retirement system the cost, as determined by the retirement system,

1 incurred by the retirement system in implementing this section.

2 (i) This section does not apply to an individual described  
3 by Section 824.007(b).

4 SECTION 2. Section 1551.102, Insurance Code, is amended by  
5 adding Subsection (c-1) to read as follows:

6 (c-1) An individual is eligible to participate in the group  
7 benefits program as provided by Subsection (a) if:

8 (1) the individual meets the minimum requirements  
9 under Subsection (c) except that the individual does not have at  
10 least 10 years of eligible service credit as described by  
11 Subsection (c)(1);

12 (2) the individual has at least 10 years of combined  
13 service in a position for which the individual was eligible to  
14 participate in the group benefits program or in the uniform program  
15 under Section 1601.101; and

16 (3) either:

17 (A) the individual's greatest number of years of  
18 state employment was in a position for which the individual was  
19 eligible to participate in the group benefits program; or

20 (B) if the individual's years of employment in  
21 positions eligible to participate in the group benefits program and  
22 the uniform program are equal, the individual's last state  
23 employment before retirement was in a position for which the  
24 individual was eligible to participate in the group benefits  
25 program.

26 SECTION 3. Section 1601.053, Insurance Code, is amended by  
27 adding Subsection (c) to read as follows:

1       (c) Notwithstanding any other provision of this chapter, a  
2 system may adjust a plan and coverage standards as necessary to  
3 comply with applicable state and federal law and to provide  
4 consistent eligibility for all plans under the program, including  
5 eligibility for optional coverages.

6       SECTION 4. Section 1601.102, Insurance Code, is amended by  
7 adding Subsection (d-1) to read as follows:

8       (d-1) An individual is eligible to participate in the  
9 uniform program as provided by Subsection (a) if:

10           (1) the individual meets the minimum requirements  
11 under Subsection (b) except that the individual does not have at  
12 least 10 years of service as described by Subsection (b)(1);

13           (2) the individual has at least 10 years of combined  
14 service in a position for which the individual was eligible to  
15 participate in the uniform program or in the group benefits program  
16 under Section 1551.101; and

17           (3) either:

18                   (A) the individual's greatest number of years of  
19 state employment was in a position for which the individual was  
20 eligible to participate in the uniform program; or

21                   (B) if the individual's years of employment in  
22 positions eligible to participate in the uniform program and the  
23 group benefits program are equal, the individual's last state  
24 employment before retirement was in a position for which the  
25 individual was eligible to participate in the uniform program.

26       SECTION 5. Subsection (f), Section 1601.102, Insurance  
27 Code, as added by Chapter 1266, Acts of the 78th Legislature,

1 Regular Session, 2003, is redesignated as Subsection (h), Section  
2 1601.102, Insurance Code, to read as follows:

3 (h) [~~(f)~~] Notwithstanding Subsection (b), an individual to  
4 whom this subsection applies is eligible to participate in the  
5 uniform program as provided by Subsection (a) if:

6 (1) the individual has at least three years of service  
7 with a system for which the individual was eligible to participate  
8 in the uniform program under Section 1601.101;

9 (2) the individual's last state employment before  
10 retirement was with that system; and

11 (3) the individual retires under the jurisdiction of:

12 (A) the Teacher Retirement System of Texas under  
13 Subtitle C, Title 8, Government Code;

14 (B) the Employees Retirement System of Texas; or

15 (C) subject to Subsection (c):

16 (i) the optional retirement program  
17 established by Chapter 830, Government Code; or

18 (ii) any other federal or state statutory  
19 retirement program to which the system has made employer  
20 contributions.

21 SECTION 6. Subsection (g), Section 1601.102, Insurance  
22 Code, as added by Chapter 1266, Acts of the 78th Legislature,  
23 Regular Session, 2003, is redesignated as Subsection (i), Section  
24 1601.102, Insurance Code, and amended to read as follows:

25 (i) [~~(g)~~] Subsection (h) [~~(f)~~] applies only to a person who,  
26 on August 31, 2003:

27 (1) was eligible to participate in the uniform program

1 as an employee under Section 1601.101; or

2 (2) was eligible to participate in the uniform program  
3 as a retired employee under this section as this section existed on  
4 January 1, 2003.

5 SECTION 7. Subchapter C, Chapter 1601, Insurance Code, is  
6 amended by adding Section 1601.1065 to read as follows:

7 Sec. 1601.1065. OPTIONAL BASIC COVERAGE PLAN FOR GRADUATE  
8 STUDENTS. The system may design and offer a separate optional basic  
9 coverage plan for employees who are graduate students. The system  
10 shall determine the participation eligibility, coverage, payments,  
11 contributions, and costs of a plan offered under this section.

12 SECTION 8. Subchapter E, Chapter 1601, Insurance Code, is  
13 amended by adding Sections 1601.2042 and 1601.211 to read as  
14 follows:

15 Sec. 1601.2042. COMPENSATION INSUFFICIENT TO COVER  
16 DEDUCTION. If a participant's monthly compensation from which the  
17 participant's contribution is deducted is insufficient to pay the  
18 participant's contribution for coverage, the system may adopt rules  
19 under which the system considers the coverage to have terminated  
20 after the last full month for which the contribution was paid in  
21 full, as determined by the system.

22 Sec. 1601.211. LIABILITY FOR BACK CONTRIBUTIONS FOR DROPPED  
23 COVERAGE. (a) This section applies to a participant in the uniform  
24 program for whom appropriate contributions were not made during the  
25 entire plan year because of nonpayment of premiums.

26 (b) As a condition of enrollment in the same coverage for a  
27 subsequent plan year, the participant must make a contribution

1 equal to the contributions not made for the plan year for which  
2 appropriate contributions were not made during the entire plan  
3 year, unless the nonpayment of premiums was related to a qualified  
4 change in status, as determined by the system. The payment shall be  
5 made in the form and manner determined by the system.

6 SECTION 9. The changes in law made by this Act apply only to  
7 group coverages provided under Chapter 1601, Insurance Code,  
8 beginning with the 2017-2018 plan year. A plan year before  
9 2017-2018 is governed by the law as it existed immediately before  
10 the effective date of this section, and that law is continued in  
11 effect for that purpose.

12 SECTION 10. (a) Except as provided by Subsection (b) of  
13 this section, this Act takes effect immediately if it receives a  
14 vote of two-thirds of all the members elected to each house, as  
15 provided by Section 39, Article III, Texas Constitution. If this  
16 Act does not receive the vote necessary for immediate effect, this  
17 Act takes effect September 1, 2017.

18 (b) Section 824.0071, Government Code, as added by this Act,  
19 takes effect January 1, 2018.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 4035 was passed by the House on May 4, 2017, by the following vote: Yeas 143, Nays 0, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 4035 on May 26, 2017, by the following vote: Yeas 145, Nays 0, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 4035 was passed by the Senate, with amendments, on May 24, 2017, by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor